

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
APRIL 22, 1997  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on April 22, 1997 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members William B. Browder, Byron G. Cudmore, Gayl S. Pyatt and Robert F. Vickrey.

Also in attendance were: Administrator Michael A. Belletire, Deputy Administrators Joseph C. Haughey, Kevin Lockhart and Thomas Swoik, Chief Legal Counsel Mareile' B. Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Johnson called the meeting to order at 9:15 a.m. Member Browder moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

- 1. Issues Concerning Applicants and Licensees**
- 2. Recommendations of Administrative Law Judges**
- 3. Pending and Probable Litigation Matters**
- 4. Investigatory Matters**
- 5. Personnel Matters**
- 6. Closed Session Minutes**

Member Pyatt seconded the motion. The Board adopted the motion by unanimous consent.

The Board reconvened in Open Session at 1:20 p.m.

Board Minutes

Member Vickrey moved **that the Board approve the minutes from the open and closed sessions of the March 18, 1997 regular meeting.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

The Chairman reported that several items were added as presentations for initial consideration. The Chairman stated that HP, Inc. will be requesting a change in its current cash reserve policy and Casino Queen will discuss proposed changes in its existing financial line of credit.

Chairman Johnson reported that HP, Inc. has requested certain changes to its outstanding bank debt and in its working cash situation. The Board previously authorized the Administrator to approve these types of transactions, however, the Administrator requested the Board take formal action. The Chairman recommended that these items be given final consideration.

Chairman Johnson further noted that: the Board will consider an issue concerning Section 5.1 of the Riverboat Gambling Act regarding the disclosure of certain information; the licensure of Edward Duffy will be deferred due to a technical question; the Board will consider two contracts, in the Administrator's view, that require specific Board action.

Chairman Johnson changed the sequence of items on the Agenda in order to allow testimony from the Coast Guard in the matter of Empress' preventive and hull maintenance issues.

#### Administrator's Report

Administrator Belletire summarized the following monthly statistical reports: Adjusted Gross Receipts; Underage Patrons; Cruise Disruptions/Cancellations; Credit Issuance; and, Internal Control System changes.

Administrator Belletire reported that: The Silver Eagle requested permission to temporarily stop operations April 15 and 16 if rising flood waters continued (the shut-down never occurred); An article ran in the Illinois Quarterly highlighting Board Member Gayl Pyatt who will be presented with an award for Distinguished Service at an upcoming U of I Alumni Association dinner; A comprehensive set of Rules became final April 1, 1997 and were published in the Illinois Register April 11, 1997; Lt. Tom Biebel has been reassigned to the Cook County Metropolitan Enforcement Group effective April 16 due to the ISP staff rotation policy; M/Sgt. Glenn Leonard, formerly a Squad Leader in the Chicago-District General Investigations Unit of the ISP, has been selected by Commander Haughey to fill the position of Acting Lieutenant (effective 4/16).

The Administrator reported that Empress - Joliet established an "Office of Community Involvement" in early April. The purpose of the office is to formalize company involvement in community economic development projects. Administrator Belletire also noted that an Empress - Joliet boat captain detected two run-away barges along the Des Plaines River. Due to the quick action of Empress employees, tow boats were able to secure the run-away barges and avoid a potential collision.

Administrator Belletire noted that Representative Lou Lang introduced a comprehensive measure to expand riverboat gaming in Illinois. Pursuant to a request from the General Assembly, IGB staff have prepared a fiscal note on this proposed amendment. The IGB fiscal note projects significantly lower revenues than Representative Lang has projected.

#### Owner Licensee Items

EMPRESS CASINO - JOLIET ("Empress") - Michael Hansen, representing Empress, requested a waiver for preventive maintenance to conduct work on the Empress I's main engines, both generator sets and the vessel's bow thruster starting May 19 and continuing for fourteen days. In addition, Empress plans to perform an underwater hull survey during this period.

Captain Michael Brown, Officer in Charge of Marine Inspection for the Chicago area Coast Guard, responded to Chairman Johnson's questions about the twelve month (hull inspection) extension granted to the Casino Rock Island. Captain Brown also discussed how internal (ultra-sonic) and external hull inspections are conducted.

Michael Hansen responded to Chairman Johnson's questions about the possible need for a dry dock inspection of Empress, should the underwater inspection prove insufficient. Mr. Hansen indicated that the Empress I would need to travel to New Orleans (the closest dry dock inspection site) to complete the Coast Guard's requirement. The process would likely entail a 60 day time period.

Member Cudmore asked if precedent has been set for conducting hull inspections on in-land water systems. Captain Brown stated that a procedure is used for the drilling rigs off the Gulf of Mexico. This type of inspection requires an initial dry docking to grid the hull and video tape for reference purposes. The riverboats are different in that a reference video has never been made.

Member Vickrey asked Captain Brown if he was familiar with any operation building a cofferdam around the vessel. Captain Brown indicated that the riverboat operation in Michigan City, Indiana is building a set of cofferdams in order to assemble its vessel on site.

Marshall Whitmer, General Manager of Specialty Diving, a contractor from Louisiana hired by Empress - Joliet to conduct the underwater hull testing, answered questions about the cleaning process of the hull and preparation for the inspection.

Member Browder moved **that, pursuant to the Board resolution adopted at the July 23, 1996 Board meeting, the Board approve Empress Casino Joliet's request for a waiver of Board Rule 3000.510 to allow Empress to conduct gaming while remaining dockside while preventive maintenance is being performed on the main engines, both generator sets and the bow thruster. In granting this waiver, the Board has considered the following:**

1. **Empress' work plan and the time frame requested;**
2. **Evidence that the riverboat must remain dockside for the planned maintenance to be completed;**
3. **Evidence of Empress' inability to postpone the repairs; and**

#### **4. Empress' overall cruising record.**

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

ROCK ISLAND BOATWORKS - Ronald Wicks, representing the Casino Rock Island ("CRI"), stated that ultra-sound testing has been completed successfully on its riverboat. CRI was required to do the testing to get a 1-year hull inspection extension from the Coast Guard.

Mr. Wicks requested renewal of their owner's license. Mr. Wicks stated that the last year for the CRI has been a difficult one given the attraction of dockside gaming on the Iowa side of the Quad-cities. This continues to be a major obstacle in CRI's efforts to grow its customer base. He noted that, despite this challenge, CRI continues to be committed to initiate tourism and economic development.

Mr. Wicks reported that CRI has initiated projects to improve its facility, including the replacement of one-third of its slot machines and various esthetic improvements.

John Phillips, City Manager of Rock Island, discussed the partnership between the CRI and the City of Rock Island and stated on behalf of the Mayor, the city council and the citizens of the City of Rock Island that they fully support the relicensure of the CRI.

Bill Renk, Director of Marketing for CRI, provided highlights on how the CRI has competed and maintained its market share over the past year. Mr. Renk stated that CRI has been a competitive force in the Quad-cities market. CRI held its overall market share and generated a nominal increase in slot drop during 1996. Mr. Renk stated that this was accomplished by improving CRI's slot mix and offering a variety of promotions every week throughout the year. During 1996, CRI followed steps to insure the retention of players such as: doubling its direct mail budget to player's club members; producing a bi-monthly newsletter for players; and conducting bi-monthly invitation only parties.

John Phillips responded to Member Vickrey's question about the entertainment area in Rock Island called "The District". Mr. Phillips stated that the city has seen continued investment and interest in The District businesses. Member Vickrey encouraged the city to take an active role to assure visitors are directed to The District before leaving the city after a gaming excursion.

CASINO QUEEN, INC. - John Janicik, representing Casino Queen, requested initial consideration to refinance its existing debt and provide for a larger revolving line of credit. The expected amount would be up to \$10 million with a maturity date of no more than three years.

HP, Inc. - Joseph McQuaid and Walter Hanley, representing HP, Inc., requested approval for a decrease in its current cash reserve requirement. Mr. McQuaid asked for a waiver of the two meeting rule. The Board declined the request and the item was set for consideration at the May 20 Board meeting.

ROCK ISLAND BOATWORKS - Jack Desatnick, representing Casino Rock Island ("CRI"), requested approval of Deanne Kaye Dahl as Controller.

Member Cudmore moved **that the Board approve Deanna Dahl as an Occupational License Level One of Rock Island Boatworks.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

EMPRESS RIVER CASINO - JOLIET - Mike Hansen, representing Empress, requested approval of Brian Johnson as Director of Finance.

Member Pyatt move **that the Board approve Brian L. Johnson as an Occupational License Level One of Empress Casino-Joliet.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

HP, INC. - Joseph McQuaid requested Board approval of two separate HP, Inc. financial transactions. The principal company shareholders propose to lend the company an additional \$2 million for working cash purposes. Additionally, the three principal shareholders will take over the HP, Inc. debt that is owed to the Bank of America. The debt will be directly owed by HP, Inc. to these shareholders.

Member Pyatt moved **that the Board approve HP Inc.'s request to retire \$14.3 million of bank debt to three of its principal shareholders in exchange for a corresponding promissory note from HP Inc. I further move that the Board approve a \$2 million loan pursuant to the terms of the existing Credit Agreement and certain additional terms.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

#### Supplier Licensees Items

GEORGE C. MATTESON COMPANY, INC. ("GEMACO") - C.L. Fitzhugh, representing GEMACO, requested approval of their supplier's license.

Member Browder moved **that the Board approve George C. Matteson Company, Inc.'s application for renewal of its Supplier's license for a period of four years expiring April, 2001.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

HARRAH'S ILLINOIS CORPORATION ("HIC") - Patrick Dennehy, representing HIC, introduced Bill Buffalo, Associate Legal Counsel for Harrah's Entertainment, Inc. Mr. Buffalo stated that documents have been amended to eliminate the revenue based management fee paid to HIC. These amendments also incorporate the other terms of the management agreement into the partnership document and adjust the allocation of partnership income and distribution between the two partners that make up HIC. He noted that with these changes, HIC no longer requires an Illinois supplier's license. He requested the withdrawal of HIC's supplier license and a refund of its renewal fee.

Member Cudmore moved **that, pursuant to Board Rule 3000.220(e), the Board approve Harrah's request to withdraw its application for renewal of its Supplier's License. I further move that the Board direct the Administrator to refund Harrah's supplier's renewal fee. This approval is subject to the Administrator's approval of the final agreement between the partners of Des Plaines Development Limited Partnership. Further, the Board requires that it be notified of all future amendments to the Des Plaines Development Limited Partnership and that these amendments be submitted to the Board prior to execution.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote.

NEVADA COIN MART - Administrator Belletire stated that Nevada Coin Mart requested to have its application withdrawn.

Member Browder moved **that, pursuant to Board Rule 3000.220(e), the Board approve Nevada Coin Mart's request to withdraw its application for renewal of its Supplier's License. I further move that the Board direct the Administrator to refund Nevada Coin Mart's supplier's renewal fee.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

#### Occupational Licenses

Member Vickrey moved **that the Board approve 129 applications for an Occupational License, Level 2, and 222 applications for an Occupational License, Level 3, and deny 4 applications for an Occupational License, Level 3.** Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

#### Administrative Hearings/ALJ Reports

Administrator Belletire reported on an on-going investigation pertaining to Casino Queen, Inc. and certain of its owners, specifically, Charles Bidwill, Timothy Rand and the Kenny family interests. These investors have entered into separate agreements with two individuals, Lawrence Lucas and Gregory Baise. The agreements provide for compensation to be paid over a period of years to Messrs. Lucas and Baise in conjunction with assistance provided by these individuals during late 1991, early 1992 and in the case of Mr. Lucas through a period ending late 1993. The agreements themselves were entered into in late 1994 and early 1995.

The Administrator reported that staff has interviewed the various principals in this matter and conclude that the parties have, to date, been unable to establish to staff's satisfaction that these contracts meet the test of Board Rule 3000.170.

The Administrator stated that staff has written to each of the owner's involved and requested that further payments due under the agreements be suspended until the Board completes its review. To date, the owner's have complied fully with this requirement. He further noted that each of the principals in this matter have, to date, cooperated in this review.

Administrator Belletire requested that Board take action specifically to require the parties involved to participate in a formal process by which evidence concerning the fair market value of these agreements is presented and weighed.

Member Cudmore moved **that the Board direct the Administrator pursuant to Rule 3000.155, with all the powers incident thereto, to continue staff's investigation into the Casino Queen, and individuals Charles Bidwill, Timothy Rand, and the Kenny family investors participating in certain payments to Lawrence Lucas and Gregory Baise, and present to the Administrator evidence as to the fair market value of the contracts these parties entered into. In presenting this evidence to the Administrator the parties may, at their own costs, retain experts to testify on market value of such transactions.**

**I further move that the Board reaffirm the Administrator's directive to the principals of Casino Queen and order Charles Bidwill, Timothy Rand and members of the Kenny family to suspend making any further payments under the Baise and Lucas contracts until the completion of the Board's review and determination of the fair market value of these contracts.**

**I move that the Board direct staff to retain outside experts to assist in evaluating the evidence presented by the parties previously mentioned and to advise the staff on the factors to be considered in determining the fair market value of transactions such as these.**

Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that, pursuant to Board Rule 3000.245(f), the Board, having reviewed Staff's report, approve the request of Armel Gines to reapply for an Occupational License Level 3 within one year from the date of his denial.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the Board, having reviewed Staff's reports, deny the hearing requests submitted by Gianni Giamberduca, Clarence Hatchett and Sharman Smith due to their failure to comply with Board Rule 3000.405.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

#### Complaints and Disciplinary Actions

WMS GAMING INC. - Member Pyatt moved **that the complaint for disciplinary action against WMS Gaming, Incorporated be issued and that WMS be fined in the amount of \$7,500. The complaint involves WMS' failure to pay its 1996 Sales and Use taxes in a timely manner.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

Member Pyatt moved **that the complaint for disciplinary action against Tanzania Winfrey be issued and that her license be revoked. The complaint involves her unauthorized removal of United States currency belonging to Harrah's Casino.** Member Browder seconded the motion. The Board approved the motion unanimously by voice vote.

#### Board Policy Items

LEGISLATIVE UPDATE - The Administrator stated there were no noteworthy changes in pending legislation since the last Board meeting.

SECTION 5.1 - Administrator Belletire gave a background on Section 5.1 (Disclosure of Public Records) of the Riverboat Gambling Act.

Member Vickrey moved:

**WHEREAS, Section 2 of the Act recognizes that in order to enhance the objectives of the Act, the Board must maintain the public confidence and trust in the credibility and integrity of gaming; and**

**WHEREAS, Section 6(d) of the Riverboat Gambling Act (the "Act") requires information regarding owner applicants and licensees to be confidential unless the Board determines it otherwise necessary to disclose information received or used in the course of its review or investigation of an applicant for a license; and**

**WHEREAS, Section 5.1 of the Act was adopted by the General Assembly in September of 1991 to give the people of Illinois the opportunity to have full knowledge of who is applying for owner's licenses; and**



**WHEREAS, the Board has determined that to maintain the public confidence and trust in the integrity of gaming, the Board must give the people of Illinois the opportunity to access the information specified under Section 5.1 of the Act about individuals with ownership interests in applicants or licensees for owner's licenses.**

**NOW THEREFORE BE IT RESOLVED that the Board will apply Section 5.1 of the Act to make available the specified information regarding the individual holders of ownership interests in owners license applicants or licensees.**

Member Pyatt seconded the motion. The Board approved the motion unanimously by voice vote.

The Administrator further stated that staff will compile the shareholder information and have each owner licensee review for accuracy.

There being no further business to come before the Board, Member Browder moved **that the Board stand adjourned.** Member Vickrey seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 2:48 p.m.

Respectfully Submitted,

Susan O. Weber  
Secretary of the Board